

TESTIMONY OF
ST. VINCENT'S HEALTH SERVICES
SUBMITTED TO THE
FINANCE, REVENUE AND BONDING COMMITTEE
MONDAY, APRIL 6, 2015

SB 945, An Act Concerning The Tax Exempt Status Of Certain Hospital Facilities

On behalf of our patients, our associates, medical staff and the patients and families we serve, St. Vincent's Health Services appreciates this opportunity to submit testimony concerning SB 945, An Act Concerning the Tax Exempt Status of Certain Hospital Facilities. St. Vincent's opposes this bill and urges the General Assembly to keep the current tax exemption and Payment In Lieu Of Taxes (PILOT) funding structure for hospitals in place.

For more than 112 years, St. Vincent's has served the Greater Bridgeport community. We are the largest employer in the City of Bridgeport with more than 3,500 associates, including our medical staff. In 2013, St. Vincent's total direct economic impact on our community was greater than \$900 million.

We are a safety net hospital, and last year, delivered more than \$56 million in community benefit. For St. Vincent's, the last Connecticut state budget cycle resulted in a \$22 million negative impact leading us to close a school serving at risk troubled youth on our Behavioral Health campus, a workforce reduction, no pay raises and a loss of benefits for those fortunate enough to keep their jobs.

The Governor's proposed budget expands the hospital tax to \$514.4 million each year, cuts Medicaid rates, and eliminates the low-cost hospital pool for FY 2016 and 2017. It would not distribute enhanced revenue on hospital supplemental payments due for FY 2014 and 2015, and eliminates payments in the future. It would limit the use of tax credits for businesses and hospitals. For St. Vincent's, we are estimating another \$25M negative impact over the 2 year period, putting us at an operating loss.

SB 945 would remove the property tax exemption for properties that are not part of a not-for-profit hospital's main campus. If passed into law, Connecticut would be the only state in the nation to levy property tax on not-for-profit hospitals in such a manner.

This additional burden of real estate taxes will further damage our ability to serve those most vulnerable and needy, which is the very reason St. Vincent's exists.

Connecticut, like the rest of the nation, enacted the property tax exemption for hospitals many years ago in recognition of the unique and critically important role hospitals play in their communities. Not only do we care for the sick, we also play a major and continually expanding role in improving community health. Working with our communities, we are identifying and addressing key health issues people are facing, so they can live healthier, better lives.

The future of healthcare is about keeping our communities well, not only treating disease but actually helping to prevent it. The future is about keeping healthcare costs down and we must find ways to deliver on this future. Funding that we would invest in finding innovative solutions to coordinate care to better serve our patients and communities will not be available to us because of these expanded cuts. At St. Vincent's, instead of focusing on electronic health record connectivity to improve care coordination, we will be struggling to maintain adequate levels of staff for basic patient care. Instead of investing in programs that will serve the increasing number of seniors in our community, we will be spending our time figuring out which programs to close down. Instead of expanding access as called for by healthcare reform, this legislation will hurt those who need us most – the uninsured and underinsured. They are patients and families who need our services- and who are relying on you to keep their hospital services affordable and accessible.

If enacted, SB 945 will add even more financial pressure at a time when we need relief. We know the state is facing a challenging budget, but we have already been cut and taxed so significantly that it is hurting patient care, access, jobs, and our economy. Hospitals can endure no more.

Connecticut enacted the PILOT program to support cities and towns. We understand that municipalities are also under financial strain. We cannot support a proposal that would make not-for-profit Connecticut hospitals liable for the payment of property taxes. Connecticut hospitals cannot endure another tax.

The patients, families, staff and businesses we support in our community are relying on you. Your constituents call upon you to protect hospital funding and ensure that their healthcare system will be there to maintain their health, not only when the unexpected happens but also to prevent the unexpected. Our entire leadership team and associates at St. Vincent's Health Services urge you to vote "No" on SB 945 and keep the current tax exemption and PILOT funding structure in place.

Thank you for your consideration of our position.